

A regular meeting of the Astoria Common Council was held at the above place at the hour of 7:00 pm.

Councilors Present: Herzig, Warr, Price, Mayor LaMear

Councilors Excused: Nemlowill

Staff Present: City Manager Estes, Police Chief Johnston, Community Development Director Cronin, Planner Ferber, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, Public Works Director Cook, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COUNCILORS

Item 3(a): Councilor Warr reported that he and City Manager Estes attended the Columbia Pacific Economic Development (Col-Pac) meeting on the morning of Thursday, May 12th. Then, in the afternoon, he and the City Engineer attended the Northwest Area Commission on Transportation meeting, where they worked on recommendations to award funding requests for Connect Oregon VI grants. Astoria was not able to get its favorite project funded, but the City made a good effort. On Sunday, another Councilor had accused him of bullying Staff when responding to an email. This was never his intent. After he reread the entire chain of emails, and then applying the five definitions of bullying provided in the Merriam Webster dictionary while going back through the emails again, he still could not determine what was perceived as bullying. First thing this morning, he called the Staff person he had allegedly bullied to ask if the email sent on Friday was frightening, made her uncomfortable, or hurt her in any way. The Staff member said no and confirmed she did not feel threatened. The Councilor would not have made the accusation if it were not true, so his bullying must be so subtle that people do not even realize they are being bullied.

Item 3(b): Councilor Price reported that she missed the meeting two weeks ago because she had accepted an invitation from a neighbor to go on a cruise. The neighbor needed assistance during the trip because of some recent health issues. She learned cruises were not her thing and said she likes to travel differently. However, she also learned a lot that would allow her to think differently about how Astoria plans and works with the cruise industry. The cruise stopped at small communities that reminded her of Astoria and she saw what 5,000 or 10,000 people on cruise ships could do to a city of 10,000 people. How the cities receive cruise ship guests is very important.

Item 3(c): Councilor Herzig reported that on Monday, May 9th, he sat on Clatsop County's Budget Committee. The meeting started at 9:00 am and was done before noon, so the process was much different and very interesting. He learned Astoria is very fortunate that it is not dependent on timber revenue. The County is dependent on timber revenue in a number of different ways and they are in a tough bind. On Friday, he was involved with the League of Oregon Cities Planning Committee planning the conference in September. Topics being discussed at the conference will include infrastructure funding and making city hall welcoming. The last two Wednesdays, he participated in diversity training for the Seaside, Cannon Beach, and Warrenton Police Departments. The training included presentations and discussions on profiling, racism, and the transgender bathroom debate. On Saturday, May 21st, he would host a Meet the Public event from 12:00 pm to 1:30 pm at the library. There has been a lot of conversation on Facebook about the Astoria High School tradition of having pictures taken at the Column on Prom Night. Many students did not realize the parking fee had increased. A local attorney stated on Facebook that he would reimburse the students. He suggested the Friends of the Astoria Column consider offering a free pass on Prom Night.

City Manager Estes added Director Cosby has already spoken to the Friends of the Column about free parking on Prom Night.

Item 3(d): Mayor LaMear announced that Craig Hoppas has been appointed to the Hospital Facilities Authority for an unexpired term. His appointment was made after speaking to Columbia Memorial Hospital's Chief Executive Officer, Erik Thorsen. A special meeting has been scheduled for May 25, 2016 to discuss the

library. The Town Hall will be from 4:30 pm to 6:30 pm at the library and the special meeting will begin at 7:00 pm at City Hall in Council Chambers. Five different options for the library will be presented and the City is working on determining a site. She reported that Library Director Jane Tucker's retirement party was scheduled for May 26th at the library at 5:00 pm.

CHANGES TO AGENDA

City Manager Estes requested Regular Agenda Item 8(c) be removed as final terms needed to be discussed prior to presenting the agreement to Council for adoption. The agenda was approved with changes.

PROCLAMATIONS

Item 5(a): Official Tenor Guitar Weekend in Astoria

Mayor LaMear read the proclamation declaring May 25-29, 2016 as "Official Tenor Guitar Weekend in Astoria."

Mayor LaMear announced that on May 26th, John Snyder, who works in the City's Finance Department, would be playing the guitar at the Presbyterian Church Fellowship Hall at 7:00 pm. Josh Reynolds has asked Mayor LaMear to sing at that event and she invited everyone to attend.

PRESENTATIONS

Item 6(a): Waterfront Bridges Replacement Project for 6th – 11th Streets (Public Works)

Where each of the City's numbered streets between 6th and 11th Streets meet the Columbia River, a short bridge connects the solid-ground road to the over-water pier structure. These waterfront bridge structures are important to the City as they provide access to a critical portion of our waterfront. In September 2014, the City entered into an Intergovernmental Agreement with the Oregon Department of Transportation (ODOT) for the design phase of the Waterfront Bridges Replacement Project. In April 2015, OBEC Consulting Engineers, Inc., (OBEC) was hired by ODOT as the design consultant and has performed preliminary investigations and design to about 20 percent completion. Designs for the bridges are expected to be complete by spring 2017 and construction is anticipated to begin in fall 2017. Construction will be staged over 2 years with the odd numbered streets (7th, 9th and 11th Streets) being constructed from fall 2017 to spring 2018 and the even numbered streets (6th, 8th and 10th Streets) being constructed from fall 2018 to spring 2019. Construction schedule is dependent on permit issuance. Public Works staff will update the City Council regarding the status of the Waterfront Bridges Replacement Project.

City Support Engineer Cindy Moore updated City Council on the community outreach that was recently conducted for the project by displaying the materials that were presented at the open house. She noted that most of the open house participants were people who owned businesses and properties adjacent to the project area. She reviewed the details of the detour route, the structures being replaced, design concept renderings, opportunities for integrating way finding signs, and the construction schedule.

Item 6(b): Cascadia Rising/City of Astoria Emergency Preparedness Town Hall

Tiffany Brown, Clatsop County Emergency Manager, will brief the City Council regarding the upcoming Cascadia Rising exercise. Fire Chief Ames will also provide a reminder about the upcoming City of Astoria Emergency Preparedness Town Hall scheduled for May 31, 2016 at the Liberty Theater.

Tiffany Brown, Clatsop County Emergency Manager explained that Cascadia Rising is a regional exercise scheduled for June 7 – 10, 2016. She gave a PowerPoint presentation on the event, which reviewed the exercise's purpose, planning methods, goals, and history. She described the scenario that would be used for the event, noted some of the capabilities that would be tested, and listed the jurisdictions, organizations, and entities that would be participating. She confirmed that the participants would be the same entities that would provide assistance in an actual Cascadia event. Most of the 'victims' would be provided by the military, but the City's Citizen Emergency Response Team (CERT) team has been asked to provide about 20 more.

Councilor Herzig asked how the exercise would impact citizens who would be going about their daily lives. Ms. Brown said children at Astoria Middle School would be impacted on June 7th because a hospital would be set up

in the school's side field. No fires would be set, no roads would be closed, and most of the activities would be at Camp Rilea.

Chief Ames updated City Council on Astoria's Emergency Preparedness Town Hall meeting being held on May 31st at the Liberty Theatre. The doors will open at 5:30 pm and speakers will give presentations from 6:00 pm to 8:30 pm. Mayor LaMear will read a letter from Congresswoman Suzanne Bonamici. Other speakers include Dr. Althea Rizzo from Oregon Emergency Management, National Oceanic and Atmospheric Administration (NOAA) Meteorologist Tyree Wilde, Patrick Corcoran, and Forester Neal Bond from the Oregon Department of Forestry. Each speaker will offer a 10 or 15-minute question and answer session. There will be six tables set up in the lobby with materials that people can take with them.

Councilor Price asked that everyone help spread the work about the town hall. She hoped a lot of people would attend to learn how to keep themselves safe and help their neighborhoods. Councilors will learn what kind of information their constituents need in addition to what will be offered at the town hall. It takes a long time for the public to understand this is important and a good event to participate in. She asked if the City was engaged in the Cascadia Rising exercise other than through Medics. Ms. Brown said yes, in a couple of different ways. Hazmat 11, the regional hazardous materials team, will be at Camp Rilea on Tuesday morning exercising with the Oregon Military Department's chemical biological response force. Chief Ames has agreed to direct the activities at the middle school with the Oregon Disaster Medical Team and Oregon Military Department. She confirmed Hazmat 11 was housed at the Astoria Fire Department. The 911 center would also be doing some communication and coordination exercises.

Councilor Price asked if City Staff would be involved in this or other exercises. In the year and a half she has been on City Council, she has never been engaged in a practice evacuation of City Hall. Astoria is clearly behind the curve of Cannon Beach in emergency planning. City Manager Estes explained that Cascadia Rising is an exercise between the various agencies that provide emergency services. Last year, Staff participated in the Great Shake Out. The City and other entities in the County conducted exercises, including an evacuation of City Hall. Finance Director Brooks helped organized the event and Mayor LaMear participated. Staff was able to learn some things about their system.

Councilor Price said Turbo Challenge is a Department of Defense joint command exercise where participants act in simultaneous crises. Ms. Brown added the State has secured a grant for continuity of operations planning for disasters. Every city and county in the state has access to software the State received through a Department of Homeland Security grant. The software will be made available to cities and counties in the fall. The State will also make facilitators available to help cities and counties with their planning.

Mayor LaMear confirmed the Map Your Neighborhood brochures would be available at the town hall in English and Spanish. She encouraged people to take the brochures home from the event. Some of the Spanish brochures were also delivered to the Lower Columbia Hispanic Council.

Councilor Herzig said over the past few years, he has spoken to people who want to know what the City will be able to do for the citizens. The presentation seems to cover big picture items. He wanted to know what resources the Police and Fire Departments would have available in a Cascadia event. He has also heard that people want to know where the evacuation centers are located and what specific routes should be taken. People on the south slope have been asking him if the City would provide cache sites for people who cannot grab a go bag and head up to Tapiola Park. Cannon Beach is providing this service. He believed the middle school was a cache site, but asked if it was for the County or State. He hoped some of these questions would be addressed because there a lot of unknowns about what is actually being prepared in Astoria for the citizens. He suggested the Police and Fire Departments give a brief overview of what they would deal with.

Chief Ames said he could not be sure how Astoria Police and Fire would be able to respond or in what capacity. He did not believe the Police and Fire Departments would be able to drive very far in a Cascadia event. Responses will likely be long and delayed. In Japan in 2011, it took outside agencies days to get into affected areas. The middle school is considered a collection point, but City Council will have to make decisions on supply caches.

Chief Johnston added that it would be difficult to determine an appropriate location for a cache, considering Astoria's landslides and the seismic nature of a Cascadia event. Downtown will experience catastrophic losses because it is all built on fill and hollow sidewalks. Highway 30 will no longer exist. He and Chief Ames discuss

these issues regularly and they still do not have a good concept of how bad the damage will be. Response will be based on what remains after an event.

Councilor Herzig said Astoria has some designated gathering areas that he assumed were not in slide zones. Citizens ask him if the City will provide something for people who want to create their own stashes away from their house. City Council could consider this for the future.

Chief Ames reminded that the City has new tsunami inundation zone maps produced by Department of Geology and Mineral Industries (DOGAMI). Maps are available at the Fire Department, Chamber of Commerce, hotels, motels, and City Hall. The maps include evacuation routes and collection points. However, they are not based on landslides.

Councilor Price believed Chief Ames and Chief Johnston's comments were extremely important. Fire and Police may not be able to respond and people need to motivate themselves and each other to plan for a disaster. Everyone will have to fend for themselves and it will be important to know neighbors and know who has what resources. She agreed it would be beneficial to establish cache points and hope the supplies survive an event.

Mayor LaMear agreed the Map Your Neighborhood should be stressed at the town hall. The program allows neighbors to identify who has fire extinguishers, generators, electric saws, water, and other supplies. All of the participants receive a list of what everyone in the neighborhood has. They also receive signs to put in a window to let others know if people need help. There should be places people can go in a disaster, but it is impossible to know what buildings will be left standing. People need to prepare themselves and work with their neighbors.

Councilor Warr asked if the DOGAMI maps allowed Staff to predict which areas of town would slide and which areas would not slide. Chief Ames said Staff could tell where slides have occurred in the past, but someone else might be able to make a prediction. Councilor Warr said the last Cascadia subduction zone earthquake was in the 1700s and he was sure the LIDAR maps could look at slides from that time. Staff confirmed this was outside of their expertise, but that information might be available.

Engineer Harrington said the City's newly updated landslide map shows that 58 percent of the buildable part of Astoria is within a historic or pre-historic slide area, which DOGAMI believes is the footprint of the Cascadia event. All it takes is a bit too much rain to create landslides. He will have the new map on display at the town hall meeting. Staff has been incorporating drainage into the trenches dug during CSO projects throughout town. He and Director Cook have discussed other larger scale dewatering projects because the more water they can remove from the ground, the less saturated the ground will be, making the soil stronger in an earthquake.

CONSENT CALENDAR

The following items were presented on the Consent Calendar:

- 7 (a) City Council Minutes of 4/18/16
- 7 (b) Authorization to Bid Spur 14 Water Line Project (Public Works)
- 7 (c) Authorization to Award Contract for Spur 18 Combo Timber Sale 2016 (Public Works)
- 7 (d) Federal Emergency Management Agency (FEMA) December Storm Damage Public Assistance Grant Contract (Public Works)**

Mayor LaMear requested Item 7 (d) be removed for further discussion.

City Council Action: Motion made by Councilor Warr, seconded by Councilor Price, to approve Items 7(a), (b) and (c) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Price, Warr, Herzig, and Mayor LaMear; Nays: None.

Item 7(d): Federal Emergency Management Agency (FEMA) December Storm Damage Public Assistance Grant Contract (Public Works)

Mayor LaMear asked for clarification about the funding. City Manager Estes explained the FEMA grant would pay for 75 percent of the damage, which is \$187,500. The Oregon Infrastructure Finance Authority (IFA) grant would cover the remaining 25 percent. Council must accept the grants and authorize Mayor LaMear to sign the contract for the FEMA portion. Staff will present a separate contract for the IFA portion.

City Council Action: Motion made by Councilor Herzig, seconded by Councilor Warr, to approve Item 7(d) of the Consent Calendar. Motion carried unanimously. Ayes: Councilors Price, Warr, Herzig, and Mayor LaMear; Nays: None.

REGULAR AGENDA ITEMS

Item 8(a): Liquor License Application from Linda Middleton, dba Annie's Saloon, LLC Located at 2897 Marine Drive, for a Greater Privilege for a Full On-Premises Sales Commercial Establishment License (Finance)

A Liquor License Application has been filed by Linda Middleton for Annie's Saloon LLC. This Application is a Greater Privilege for a Full On-Premises Sales Commercial Establishment Licensee. This establishment currently has a Limited-On Premises Sales License. The appropriate Departments have reviewed the Application. A memorandum from the Police Department is attached along with the Application. It is recommended that Council consider the request.

Councilor Herzig said he appreciated the memorandum from the Police Department. He did not want City Council to make any determination and allow the license to be processed without local government input. Some people believe it is good that Astoria has a strip club. He believed it would be a mistake to make more alcohol available to this neighborhood, which is trying to improve. He did not want to recommend approval because he believed it would damage the neighborhood.

Councilor Price said she would defer to Councilor Warr and Mayor LaMear because the business is in Councilor Warr's district. However, she did not understand why Council would refrain from recommending denial, considering the number of complaints. While recommending denial might not make a point to the Oregon Liquor Control Commission (OLCC), the decision would make a statement to their constituents.

Councilor Warr asked if the business continued to have the problems it had when it first opened. Chief Johnston said since a recent change in ownership, the number of calls to the business has decreased. This could be due to decreased business or a change in management. He confirmed the Police Department recommended Council either make a positive decision or take no action.

Councilor Warr noted that City Council does not get the final say on the liquor license application. Strip clubs and topless bars are legal, but he did not like the idea of having one in Astoria. If the business does not cause problems for the Police, he believed City Council was obligated to vote favorably.

Mayor LaMear explained that in 2012, when Annie's applied for a limited on-premises and off-premises sales license, City Council voted in favor of the application despite the Police Department's recommendation to vote against it. She believed Council made this decision after being told the OLCC would approve the application regardless of City Council's position.

Chief Johnston explained that during their investigation, the Police Department found violations that the OLCC does not weigh as heavily as the City does, like the Applicant's failure to disclose a name on the application and the Applicant's arrest history. The establishment is not as much of a Police problem as it was, so the owner is moving in the right direction. The Police Department does not believe there is any benefit to making a negative recommendation, and their ability to work with the owner in the long run will be better if the decision is positive or no action is taken.

Councilor Warr confirmed the Applicant's daughter was a business partner at one time.

Mayor LaMear said the application would be approved by OLCC no matter what City Council decides. She agreed no action should be taken.

City Attorney Henningsgaard confirmed that OLCC would consider no action by City Council as an approval.

City Council Action: Motion made by Councilor Warr, seconded by Councilor Herzig to take no action on the Liquor License Application from Linda Middleton, dba Annie's Saloon, LLC located at 2897 Marine Drive for a Greater Privilege for a Full On-Premises Sales Commercial Establishment License. Motion carried 3 to 1. Ayes: Councilors Warr, Herzig, and Mayor LaMear; Nays: Councilor Price.

Councilor Price believed the application should be denied as a way of standing up for the residents. However, she understood Chief Johnston's recommendation.

Councilor Herzig said he hoped the public understood that Council was not in favor of the application. However, when the Police indicate an unfavorable recommendation would damage their relationship with the manager and owner, Council needs to respect their ability to stay on good terms.

Item 8(b): Approve Loan Guarantee using Revolving Loan Funds for Renovation of Astoria Armory (Community Development)

Craft 3, a local Community Development Financial Institution, purchased the Astoria Armory on behalf of the community in 2014. The City of Astoria provided a loan guarantee for the acquisition using the Revolving Loan Fund (also referred to as the "DQ Fund"). The Friends of Astoria Armory (Friends) is a local, 501c3 non-profit that formed to own and operate the Armory for the community. The Friends have negotiated a low interest USDA loan through Craft 3 to purchase and operate the building and immediately begin a capital campaign. Craft 3 recently approved this loan package. The Friends, in conjunction with Craft 3, have requested the use of the Revolving Loan Fund to offset the cost of new windows at the historic building. The Historic Landmarks Commission approved a restoration plan using metal windows in January 2016. The USDA will not provide loan funds for the window restoration because they do directly generate revenue for the operations and therefore cannot be used to underwrite a loan.

The City funds would be allocated in the form of a loan guarantee that would backstop the USDA loan. This is a low risk method of providing City support. These funds would be tied up for the duration of the loan period. The cost of the window project is approximately \$90,000 and so the City's funds would be used to guarantee over a five-year period as the Friends pay down the debt. City staff requested a few items from Craft 3 to protect the City's investment: 1) charge loan fees in lieu of interest on a loan that would go back into the revolving loan fund for another project, 2) allow staff to review loan disbursements and construction progress reports before signing off disbursements, and 3) Craft 3 has pledged to work with City staff on a future project that would effectively replace City funding that is tied up for the five year period assuming the type of project meets project goals and objectives for both organizations.

Attached are supporting documents for Council's reference. Also attached is a Memorandum of Understanding between the City and Craft 3, which memorializes the use of Revolving Loan funds for the Armory project. City Attorney Henningsgaard has reviewed and approved it as to form. It is recommended that Council approve the Memorandum of Understanding with Craft 3 to utilize the Revolving Loan funds to guarantee a loan with the Friends of the Astoria Armory.

Bruce Jones, 455 45th Street, Astoria, said the City's support has been instrumental in the Armory's success since they opened two years ago. He thanked City Council and Staff for being helpful as the Armory navigates through difficulties to make sure the facility is safe and secure. He gave the following Power Point presentation:

- The Armory is a registered 501c3 entity with a mission to improve Astoria's quality of life, maintain the historic building for the community, bring in events and activities that contribute to local economic development, and support diverse groups and constituencies within the community by providing a venue for those groups' needs that might not be met otherwise.
- Board members are Mike Davies, Paul Davis, Dan Stein, Sean Fitzpatrick, Sarah Bunce, and Greg Peterson.
- During World War II, Astoria had a large military presence and the Armory was built in 1942 to support the military with United Service Organization (USO) shows and typical army activities. Many of the events had close to 2,800 attendees.
 - After the war, the Armory was used for roller skating, basketball, concerts, and church meetings. When the Maritime Museum obtained the building, only the basement was used. The basement provides a lot of untapped potential for revenue because it was so well maintained and has climate control.
 - In 2012 and 2013, the Armory's founding Board entered into a Memorandum of Understanding with the City and Craft3 that allowed Craft3 to purchase the building with the purpose of leasing it back to the Friends of the Armory until the Friends could follow through on the loan.

- While the tourist and service industries in Astoria have grown, there is a shortage of inexpensive family-friendly fun activities. The Friends believed it was important to provide another venue for indoor activities that are different from other activities that are provided.
 - The Friday Skate Nights and skate park in the basement have been successful, which indicates there was a need for more indoor activities.
- The Armory is the largest indoor space in Clatsop County and the only space capable of holding the variety of events it can hold in one space. Even the Seaside Convention Center must turn events away when their facility is already booked. This provides the Armory with an opportunity to get some events that typically end up in Medford, Eugene, or Salem.
 - The Armory also intends to capitalize on climate-controlled basement to generate revenue. An investor would like to put storage units in the basement and the Armory has received good guidance on this project from Staff. The Armory is looking for reliable, long-term, dependable revenue from the basement to fund the community and non-profit programs hosted in the upstairs.
- In its first 23 months, the Armory has hosted over 200 events and activities. With minimum marketing, usage has been high, which proves there was a need in the community for this venue. In 2015, the Armory netted just under \$19,000 in 2015 and logged over 12,000 volunteer hours.
 - Mr. Jones displayed a photograph of three men installing a donated sink in the kitchen. Councilor Herzig noted that all three of the men stayed at the Astoria Warming Center over the winter. He believed it was important to acknowledge that these men were part of the community and contribute to the community. He has heard many stories from these men about how thrilled they are to be part of the Armory's operation. Mr. Jones added that it is great to see people take the lunch and then give back by volunteering at the Armory.
 - In December or January, Mayor LaMear read a letter of support for the Armory's grant application to the Oregon Community Foundation (OCF). The OCF recently approved a \$20,000 grant for the Armory to remodel the lobby and concessions area.
 - The Armory is applying to Meyer Memorial Trust and has applied to the City for a community organization grant. The United Way of Clatsop County has invited the Armory to apply to be a partner agency. The Armory has also received a grant from the CommuniCare Program that brings high school students into the grant-making process.
 - The Armory has also received an opportunity investment of \$45,000 from Craft3.
- Some of the fundraising and the improvement loan is to offset deficiencies, but the costs to maintain the building are minimal compared to the costs of losing or replacing it. Revenue is significantly diminished by reduced occupancy, poor acoustics, lack of a warming kitchen, outdated and non-ADA compliant restrooms, and necessary roof repairs.
 - The loan will provide funds to rebuild a second floor landing and staircase, which will give the Armory an additional four-door exit on the north side, allowing for an increase in occupancy.
 - The Armory has received a free acoustics assessment by an engineer so improvements can be made, allowing the Armory to host concerts. The Craft3 loan will pay for these improvements.
- The Friends believe because of the Armory's location, it is an anchor of the downtown business community, with concerts, fairs, and private events on the main floor that will draw in residents and visitors, who might also shop downtown or stay in local hotels. The reliable stream of revenue from the basement will enable the Armory to expand its support to nonprofit groups throughout the area, including the United Way of Clatsop County. The Armory is a space unlike any other in town, but rather than competing with others for the same slice of pie, the Armory will make the pie bigger for everyone.
- An event will be planned for the Armory's 75th anniversary in July 2017 and the Friends hope that Council can help improve the Armory and keep it going for another 75 years.
- He noted Scott Huddleston and Walt Postlewait would discuss the Armory's financial issues and concluded by recognizing Craft3 as a steadfast partner throughout this process and the Friends appreciated their support.

Councilor Herzig thanked Mr. Jones for the Armory's support of struggling non-profit programs. The Armory has provided space for the Lower Columbia Q Center, the once a month gay skate night, and Filling Empty Bellies meals. The Armory did not have to accommodate marginal populations and he was happy to see that the Friends of the Armory are taking care of the community.

Mr. Jones said the Board is terrific and their events coordinator, Robyn Koustik, has done a terrific job reaching out to various community groups.

Scott Huddleston, Business Lender, Craft3, 93124 Knappa Dock Rd, Astoria, said the overall project at the Armory would cost approximately \$590,000, which includes the cost of the Armory building itself. Craft3 paid \$250,000 for the building and holding costs incurred during the 2.5 years it has owned the building. He reviewed the financial details, fees, and terms of the loans, which were included in the Staff report as Exhibit A on Pages 66 through 77.

Councilor Herzig understood the \$43,492 contingency was a joint contingency. Mr. Huddleston explained that the individual amounts for all of the windows added up to about \$86,000, which leaves about five percent for the contingency on the City loan.

Walt Postlewait, Chief Lending Officer, Craft3, 36468 River Point Drive, Astoria, said Craft3 is very proud of their relationship with the City of Astoria, which began with the Mill Pond Project. He briefly noted a conversation that led the City and Craft3 to partner on the Mill Pond Project, which is now a beautiful gateway that welcomes visitors. While the men who started this conversation are no longer in the community, this institutional relationship has transformed and is now a relationship between the City and Craft3. This is important because people will come and go, but the future is long for institutions that continue to work together to do positive things in the community. This community has a lot of needs that cannot be met unless the City, Craft3, and independent partners work together and leverage resources.

- The loan guarantee out of revolving funds would not be a grant to the Armory. The City will make a little bit of money from the guarantee, which will scale down over the next five years. This provides the City with a way to help the Armory without spending money. Craft3 is offering an interest rate of about three percent below its normal price for a loan like this because they want to support the community and the Armory.
- Over the last two years, he has been impressed with the leadership that has developed. Craft3 originally believed it would hold the property for 12 months or less. However, the current Board of the Friends is better than it was 12 months ago and he believed the possibility for success was exponentially greater today under the current leadership. Even though Craft3 has owned the property for longer than intended, he believed the benefits would be greater.
- Craft3 does not give grants and most of their investments are made through loans, but they so strongly believe in the Armory as a community asset that they provided an opportunity investment of \$45,000 for capacity building. This will allow the Friends to bring in professional help to book shows and fill their event calendar. Even though the Friends are a non-profit, they still need to generate revenue to be successful.
- Craft3 has stepped up financially and asks that the City do its part to support this community asset. The City and Craft3 can do very creative things together because of their institutional relationship. He was excited to hand off the Armory to the Friends and was excited to see what the City and Craft3 would do for their next project.

Mayor LaMear said the revolving loan fund existed for this kind of work and she was amazed at what has happened with the Armory. She was excited about the Board and everything they have accomplished. Astoria appreciates that the Armory has helped those who are on the edge of society a bit.

Councilor Herzig confirmed that the Friends were okay with the terms of the agreement and said he was glad to see the Armory was taking the next step.

Councilor Warr said when this first came up about three years ago, he was very skeptical. Now, he was not skeptical at all and believed the Board members were talented and good assets to the community. The Board will make the Armory a great asset to the community as well.

City Council Action: Motion made by Councilor Price, seconded by Councilor Warr to approve the Memorandum of Understanding with Craft3 to utilize the Revolving Loan funds to guarantee a loan with the Friends of the Astoria Armory. Motion carried unanimously. Ayes: Councilors Price, Warr, Herzig, and Mayor LaMear; Nays: None.

Item 8(c): Agreement between the Verna S. Oller Aquatic Trust and the City of Astoria (Parks)

This item was removed from the Agenda during Item 4: Changes to the Agenda.

In May 2010 at her passing, Verna S. Oller made a \$4 million gift to the residents of South Pacific County, Washington to build an Aquatic Center in Long Beach, Washington; however, in 2013 the City of Long Beach Officials declined the money after determining that the City could not afford the day-to-day expenses and the

long-term operational costs not covered by the bequest. Following this, the managers of Verna S. Oller's Trust succeeded in modifying the trust to make it easier to pursue swimming-related projects and contacted the City of Astoria's Parks and Recreation Department to partner in providing services to the residents of South Pacific County, Washington. City of Astoria Parks staff subsequently negotiated terms for consideration by the Astoria City Council. A Pool Use Agreement has been drafted, and approved as to form by the City Attorney, that provides residents of South Pacific County admission to the Astoria Aquatic Center without charge for the facilities "drop-in" and "group swim lesson" programs. In return, the Verna S. Oller Aquatic Trust will pay the City of Astoria the full admission cost for each service rendered. Due to the positive financial impact to the Parks and Recreation Department, it is recommended that City Council approve Pool Use Agreement with the Verna S. Oller Aquatic Center Trust.

Item 8(d): Change First Meeting Date in July 2016

Astoria City Hall will be closed on Monday, July 4, 2016 for the 4th of July holiday; therefore, the first meeting date in July will need to be changed. In years prior, it has been the tradition to hold City Council on the following day. It is recommended that Council set an alternate meeting date.

City Council directed Staff to change the first meeting date in July 2016 to Tuesday, July 5, 2016.

NEW BUSINESS & MISCELLANEOUS, PUBLIC COMMENTS (NON-AGENDA)

Lynn Sutor, 708 Lexington, Astoria said the upcoming water rate increase of six percent was too high for senior citizens on a fixed income. Her last water bill was for \$225 for two months of service. Councilor Herzig had told her she could have the bill split up in months instead of every two months. She was also concerned about the graffiti and asked who to call about it. The graffiti is all over town and along the Riverwalk.

City Manager Estes said he, Dulcye Taylor, and Ray Merritt started graffiti removal several weeks ago. The Public Works Department gave them materials to remove graffiti from poles and street signs. On Saturday, May 21st, the Astoria Downtown Historic District Association (ADHDA) will host a downtown cleanup event focused on graffiti removal. Last week, several building owners removed graffiti on their own properties, specifically along the 13th Street alley. Staff found it was most difficult to remove the stickers from street signs.

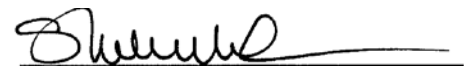
Ms. Sutor suggested the City use some of its reserve funds to help senior citizens pay their water bills. She understood the rate increase was necessary to pay for the CSO projects, but six percent of her income was very difficult.

Mayor LaMear said \$225 for two months seemed high and suggested Ms. Sutor check for leaks. Ms. Sutor said the City came to her property and confirmed there were no leaks.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:45 pm to convene the Astoria Development Commission meeting.

ATTEST:



Secretary

APPROVED



City Manager